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FISCAL IMPACT STATEMENT

LS 6406

BILL NUMBER: HB 1600

NOTE PREPARED: Feb 15, 2005

BILL AMENDED: Feb 10, 2005

SUBJECT: Special Death Benefit Fund.

FIRST AUTHOR: Rep. Ruppel

FIRST SPONSOR: Sen. Lubbers

BILL STATUS: As Passed - House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) The bill allows a private university to purchase coverage from the Special Death Benefit Fund for all firefighters employed by the university, including firefighters employed by the university who died in the line of duty after June 30, 2004, and before July 1, 2005. It allows a private university, college, or junior college to purchase coverage from the Special Death Benefit Fund for all police officers appointed by the university, college, or junior college. including police officers employed by the university, college, or junior college who died in the line of duty after June 30, 2004, and before July 1, 2005.

Effective Date: (Amended) July 1, 2004 (retroactive); Upon passage.

Explanation of State Expenditures: (Revised) This proposal allows a private university, college, or junior college to purchase coverage from the Special Death Benefit Fund for all firefighters and police officers employed by the university who die in the line of duty after June 30, 2004. The Special Death Benefit Fund provides a \$150,000 lump-sum death benefit (IC 5-10-10). The retroactive date will include the Butler University police officer shot to death in the line of duty in July of 2004. The purchase amount for coverage under this proposal is \$100 per year per eligible employee.

An annual premium for a \$150,000 death benefit has been conservatively estimated to be approximately \$350 to \$400 for death for any reason. If it is assumed that death in the line of duty represents about 20% of total deaths, then the coverage of \$100 per year is estimated to be reasonable and there should be no actuarial cost over the long term as a result of this proposed legislation.

Background Information: The balance in the Special Death Benefit Fund as of February 10, 2005, amounted to \$2,095,287. Since 1998, when the lump-sum special death benefit was increased to \$150,000, there have

been 18 payments of \$150,000, totaling \$2.7 M. The Law Enforcement Training Board reports that for 2003, there were 112 police officers at private universities in the state. Testimony at the February 8, 2005, meeting of the Public Safety and Homeland Security Committee revealed that there are 25 firefighters at private universities, colleges, and junior colleges in the state. The total number of newly eligible public safety officers is 137. The Public Employees' Retirement Fund (PERF) administers the Special Death Benefit Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Public Employees' Retirement Fund (PERF) as administrators of the Special Death Benefit Fund; State Auditor.

Local Agencies Affected:

Information Sources: Robert Lofland, Financial Officer for PERF, 317-234-2749; testimony at the February 8 meeting of the Public Safety and Homeland Security Committee; Doug Todd of McCready & Keane, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.